

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00226 DATED February 19, 2004.

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 2nd day of February, 2004, by and between CTA Acoustics, Inc. ("CTA"), Cumberland Valley Electric, Inc. ("CVE") and Kentucky Utilities Company ("KU").

WITNESSETH:

WHEREAS, on or about June 10, 2003, CTA filed with the Kentucky Public Service Commission ("Commission") its Petition to Retain Kentucky Utilities Company as Power Supplier, which Petition sought to have the Southeast Kentucky Regional Business Park ("Business Park") in or near Corbin, Kentucky to be declared a single electric-consuming facility ("ECF") and to have KU awarded the right to serve the entire Business Park as an ECF;

WHEREAS, CVE and KU were made parties to that action by Order of the Commission on June 18, 2003 in Case No. 2003-00226;

WHEREAS, a formal hearing in Case No. 2003-00226 was scheduled to begin on January 22, 2004, and both before and after the hearing on that day the parties, with the encouragement of the Commission and the involvement of Commission Staff counsel, engaged in settlement discussions;

WHEREAS, those negotiations involved the issues presented in Case No. 2003-00226 as well as the issues presented in the Petition and Complaint of Cumberland Valley Electric Concerning Service By Kentucky Utilities, Inc. [sic] In Contravention of KRS 278.016-.018 and KRS 278.020, filed and served on or about January 8, 2004, Case No. 2004-00030;

WHEREAS, CVE participated in those settlement negotiations with the advice and input of East Kentucky Power Cooperative, Inc. ("EKPC") and a number of other power cooperatives

and their counsel from across the Commonwealth who had moved for, but been denied, full intervention in Case No. 2003-00226;

WHEREAS, a unanimous settlement of all issues in the referenced proceedings was reached on January 22, 2003; and

WHEREAS, the parties desire to settle all issues pending before the Commission in Case No. 2003-00226 and in the Petition and Complaint of Cumberland Valley Electric Concerning Service By Kentucky Utilities, Inc. [sic] In Contravention of KRS 278.016-.018 and KRS 278.020, filed and served on or about January 8, 2004, Case No. 2004-00030.

NOW, THEREFORE, for and in consideration of the premises and conditions set forth herein, the parties hereby agree as follows:

Article 1 Amendment of Territorial Boundaries

- 1.01 CVE will serve the territory presently designated as lots 1, 2, 3, 4, 5, 6, 7 and 9 in the Business Park.
- 1.02 KU will serve the territory presently designated as lots 1-A, 8, 10, 11, 12 and 13 in the Business Park.
- 1.03 KU shall be the authorized retail electric supplier to serve CTA in the territory presently designated as Lot 1-A in the Business Park, and CVE shall be the authorized retail electric supplier to serve the speculative building in the territory presently designated as Lot 5 in the Business Park.
- 1.04 CVE will serve the territory depicted as the approximately 75 acres bordered generally by Watch Road and Lynn Camp Church Road as

shown on the attached map, with the exception that KU will retain within its territory any existing customers on that land.

- 1.05 KU and CVE acknowledge that there are certain customers – a number of residences and the water tank located outside of the Business Park – which are located in the present certified territory of one utility but are currently known to be served by the other utility.
- 1.06 KU and CVE will work together to prepare amendments to the certified territory maps for the lots, land and customers set forth above.

Article 2 Reimbursement of Costs

- 2.01 CTA will reimburse CVE and EKPC \$32,500.00 for actual costs incurred in extending a distribution line for temporary service to a contractor at the construction site of its facility and for initial planning and preparation to serve the CTA facility.

Article 3 Effect on Pending Actions

- 3.01 The Parties will jointly move the Commission to dismiss CTA's Petition in Case No. 2003-00226 as settled.
- 3.02 CVE's Petition and Complaint Concerning Service By Kentucky Utilities, Inc. [sic] In Contravention of KRS 278.016-.018 and KRS 278.020, Case No. 2004-00030, will be withdrawn as settled.
- 3.03 Upon formal Commission adoption and acceptance of the tendered Agreement and Order as a full resolution of all issues arising from the

proceedings described in Articles 3.01 and 3.02 above, no party will file a petition for rehearing under KRS 278.400 or an appeal under KRS 278.410.

Article 4 Order of the Commission

- 4.01 The parties are, concurrently with the tender of this Settlement Agreement, tendering to the Commission the Order attached hereto. The parties agree to the language contained in that tendered Order, which language is incorporated herein by reference.

Article 5 Additional Provisions

- 5.1 This Settlement Agreement shall in no way be deemed to divest the Commission of any jurisdiction under, or to supersede in any way, Chapter 278 of the Kentucky Revised Statutes.
- 5.2 This Settlement Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, successors and assigns.
- 5.3 The signatories hereto warrant that they have informed, advised, and consulted with the respective parties hereto in regard to the contents and significance of this agreement and based upon the foregoing are authorized to execute this Settlement Agreement on behalf of the parties hereto.

5.4 This Settlement Agreement is a product of negotiation among all the parties, and no provision of this Settlement Agreement shall be strictly construed in favor of or against any party.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures.

CTA Acoustics, Inc.

BY: C. Kent Hatfield
C. Kent Hatfield, Counsel

Cumberland Valley Electric, Inc.

BY: Anthony G. Martin
Anthony G. Martin, Counsel

Kentucky Utilities Company

BY: J. Gregory Cornett
J. Gregory Cornett, Counsel

